their yearly budget of $2,300. Where I am from, the Midwest—or anyplace in this country, I will bet—that is still a lot of money.

Now, I have another example. This next chart has the same brick wall but a different family: a single mom with two kids. Here we have a person earning about $30,000 a year. In 2011, under this budget, she and her family run straight into that brick wall—that brick tax wall. That is a brick wall of about $1,100 per year of taxes. That is almost $100 a month out of this family's budget.

So when you hear folks rail against the 2001 and 2003 bipartisan tax relief plans, you will hear a lot of talk about millionaires, you will hear a lot of talk about the death tax, but you will not hear the critics talk about these two families—a family of four: husband, wife, and two children; or a single mother with two children. You will not hear these critics—almost all of whom voted against these two tax bills—consider these two families.

Now, those on the other side will point to the Baucus amendment that will be upcoming—at least we have heard about the Baucus amendment—as the answer to the tax increases that I have pointed out. Isn't it ironic that my friend, our chairman, my partner from the 2001 tax relief bill, and several other tax relief bills, is the author of this key amendment?

The Senator from Montana, my friend, Mr. BAUCUS, took a lot of heat for working with me in a bipartisan fashion in 2001. He took a lot of heat from people in his caucus, quite frankly. Many on the other side who fought him and that bill were also denying tax increases in last year's budget. So they now turn to his amendment—this upcoming amendment—as they did last year, to try to deflect the tax increase charge because there is a real charge in what is in this budget. If something is not done to stop tax increases, they are going to happen automatically. And don't let anybody tell me something cannot be done about it.

At Budget markup, we were told the Baucus amendment would contain enough revenue room—$323 billion—to accommodate extension of several components of the bipartisan tax relief plans that go back to 2001. We were told the 10-percent bracket, the marriage penalty, the child tax credit, and some death tax relief would be covered.

There were provisions that were not intended to be covered. The excluded provisions were the lower rates for capital gains and dividends and other marginal rate reductions.

Now, some on the other side will describe this excluded group—excluded from the Baucus amendment—as top-rate taxpayers and other high-income people. Now, I hope you will not believe it. The facts are otherwise.

Low-income folks, including millions of seniors, pay no tax on their dividend or capital gains income. If this budget stands, even with Senator BAUCUS's amendment, millions of these low-income taxpayers, especially senior citizens, will pay a 10-percent rate on capital gains and could pay as high as a 15-percent rate on dividends.

I have a couple charts to show how wide the dividend and capital gains tax increases would be. The chart that is up now deals with just dividends. It shows the number of taxpayers claiming dividend income. Nationally, over 24 million families and individuals reported dividend income—24 million Americans. There are 24 million Americans, all of whom you are not going to call filthy rich. Very few of them you are going to call filthy rich.

In my State of Iowa, for instance, over 299,000 families and individuals claimed dividend income on their returns. Now, there are not 299,000 millionaire families or even 299,000 people in Iowa you can call filthy rich.

As to capital gains, you can see the numbers not only for my State of Iowa, but you can see the numbers for all the other States in the United States. You can see them for the entire United States up there on the chart. Nationally, we are talking about over 9 million families and individuals. In Iowa, we are talking about 127,000 families and individuals when it comes to capital gains.

I want to emphasize, I went from dividends to capital gains. The chart has changed to tell you what there is in each of the respective States on capital gains.

There are many marginal rates, other than the top rate, that would rise if this budget stands, even with the Baucus amendment. The 25-percent rate, which for 2007 starts at $31,850 for singles and $63,700 for married couples, would rise 3 percentage points to 28 percent. The 28-percent rate, which for 2007 starts at $77,100 for singles and $128,500 for married couples, would rise 3 percentage points to 31 percent. The 33-percent rate, which for 2007 starts at $160,850 for singles and $198,850 for married couples, would go up to 36 percent. The top rate would rise from the current 35 percent level to 39.6 percent.

To sum up, even with the Baucus amendment—even with the Baucus amendment added to this budget, there would be marginal rate increases on millions of taxpayers, and not millions of millionaire taxpayers. Those marginal rate increases would go up, whether it is the 28 percent to 31 percent or the 33 percent to 36 percent or what have you. Those marginal rate increases would reach taxpayers with incomes as low as $31,850 for singles and $63,700 for married couples, and these people are not filthy rich.

Now, what I just described is accurate only if the Democratic leadership intends to follow the letter and spirit of the Baucus amendment. If you look at last year's track record, the House neutered the effect of the amendment in the conference agreement. They created a Rube Goldberg type of mechanism to impede the amendment. Of course, after the budget conference report was agreed to, all talk and action around the amendment ceased. So I wouldn't put much stock in the follow-through on the Baucus amendment, and things can only get worse for middle-income taxpayers beyond that point.

This budget asks a lot of the tax-paying population—about $1.2 trillion worth of a lot being asked of taxpayers. That is a big chunk on the revenues ledger. Compare that to what is going on on the spending side of the ledger. The answer is $211 billion more spending on the discretionary side. Nothing is proposed to rein in any entitlement spending. If the definition of fiscal responsibility is higher spending, no entitlement savings, and dramatically higher taxes, then this budget is fiscally responsible. Keep in mind that while ramping up $1.2 trillion on the taxpayers, the budget spends $775 billion of the Social Security surplus and grows the gross Federal debt by $2 trillion.

For those on our side, this budget is not fiscally responsible. We don't agree that the definition of fiscal responsibility is higher spending, no entitlement savings, and dramatically higher taxes. For those of us on the Republican side of the aisle, you can't solve all fiscal problems just on the tax side of the ledger.

Now I wish to go to the second part of my discussion and annualize the tax side of the budget. I am looking at how this budget will carry out its objectives.

Let's take a look at the short term. By the short term, I am referring to the fiscal year of the budget, and this chart here is for the fiscal year. This is the first fiscal year. That is the first fiscal year out of five fiscal years.

A lot of people from farm country get their water from wells. When the well water is low, you can either dig it deeper, cut back water use, or pay to have the water trucked in. This well shows the extra demands on the revenue side of the budget. That is the bucket: $152 billion. These demands reflect the extenders for this year and next year. The bucket contains next year's AMT patch because under this budget, that has to be offset. The bucket also covers pending bipartisan tax legislation, and that is bipartisan because it is generally agreed that we ought to do some of this tax legislation. All of these items are listed on the chart for my colleagues to add up.

The water in the well represents known, specified, and scored revenue-raising proposals supported by the Senate Democratic caucus. Included are $35 billion in Finance Committee-approved offsets and $29 billion that has been approved elsewhere. That total, then, is the $61 billion you see at the bottom of the well.

When you net the offsets against the demands, you find an offset shortfall of $91 billion. Somehow, you have to find a way to fill up that well if you are